



EAST HAMPTON AIRPORT

Preliminary Economic Impact Analysis Summary of Results

May 11, 2021

HR&A
Analyze. Advise. Act.





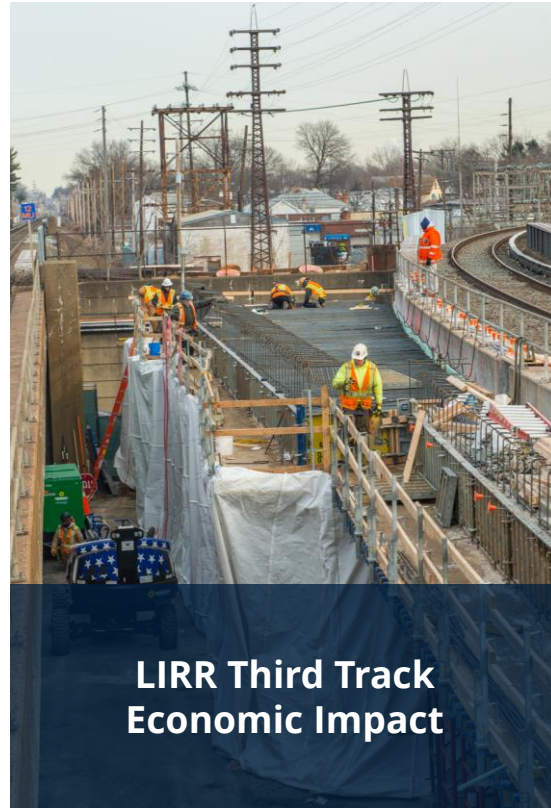
HR&A is an economic development and real estate consulting firm working at the intersection of the public and private sector. Our work transforms communities and revitalizes urban environments in the United States and abroad.

HR&A UNDERSTANDS COMPLEX ECONOMIC DYNAMICS

HR&A has measured the impacts of transformative economic change across Long Island and the United States.



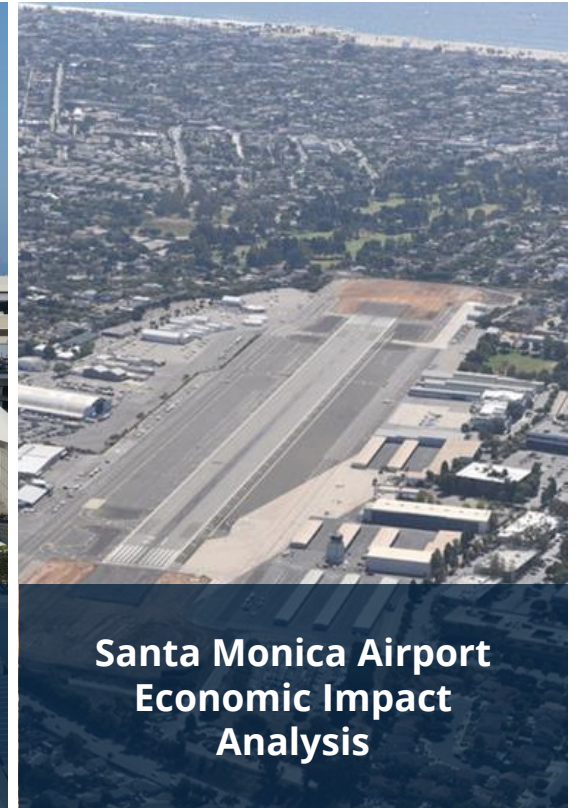
**Long Island COVID
Impact Study**



**LIRR Third Track
Economic Impact**



**LAX Economic Impact
Analysis**



**Santa Monica Airport
Economic Impact
Analysis**

The Town of East Hampton engaged HR&A Advisors to assess the impacts of East Hampton Airport on the Town economy.

This preliminary economic impact analysis considers the potential impacts of three Airport use scenarios on overall economic activity and employment solely within the Town of East Hampton. The following scenarios include:

- Existing Airport Operations
- Modified Airport Operations
- An Alternative Passive Use Scenario

Given COVID-19 disruptions to regular airport operations and to the ability to conduct robust in-person passenger surveys and community outreach, this preliminary study assesses economic impact using existing data where available.

The development of modified and alternative use scenarios and the inclusion of inputs dependent on community engagement and stakeholder outreach such as passenger spending and airport trip destinations have been approximated using a range of reasonable best-guess assumptions. The final Economic Impact Study will include up-to-date passenger surveys to inform passenger spending assumptions.

The Town-owned East Hampton Airport (HTO) provides private aviation services, concentrated during the peak summer season.



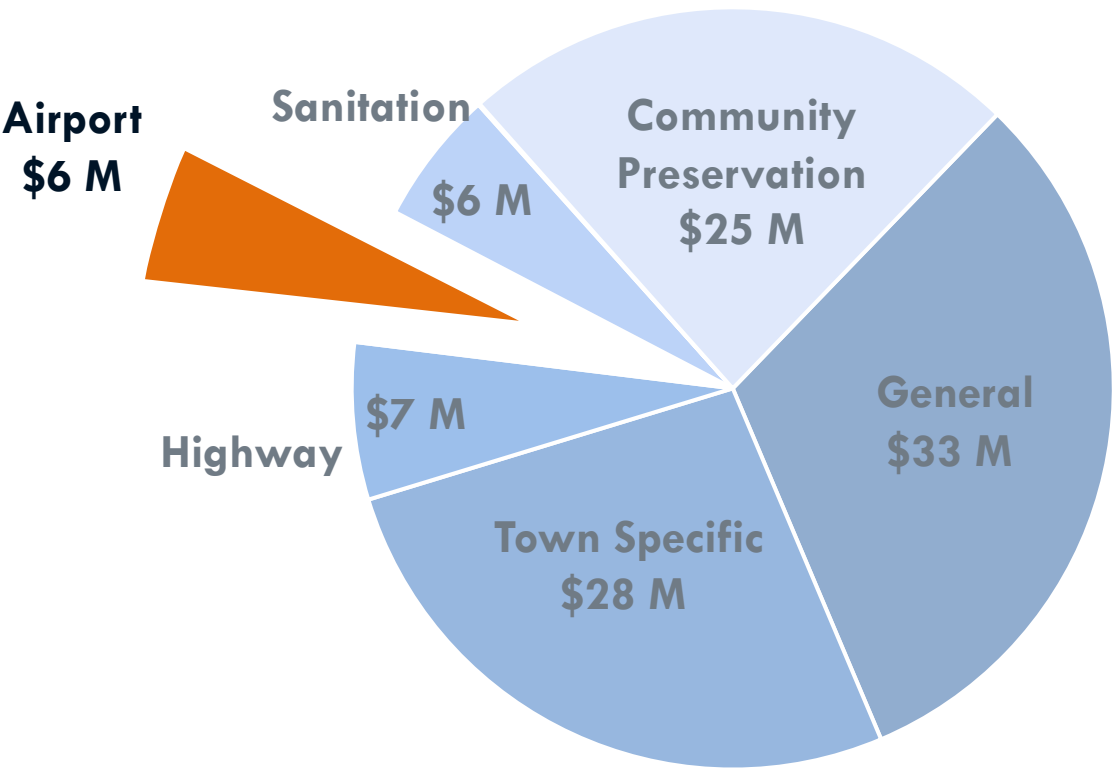
Airport Overview

- **610** acres of land
- **11K** arriving passenger operations in 2019
- **62%** of operations during the summer season
- **3/5** of HTO passengers stay in East Hampton
- Less than **1%** of the 1.7M visitors to East Hampton use HTO

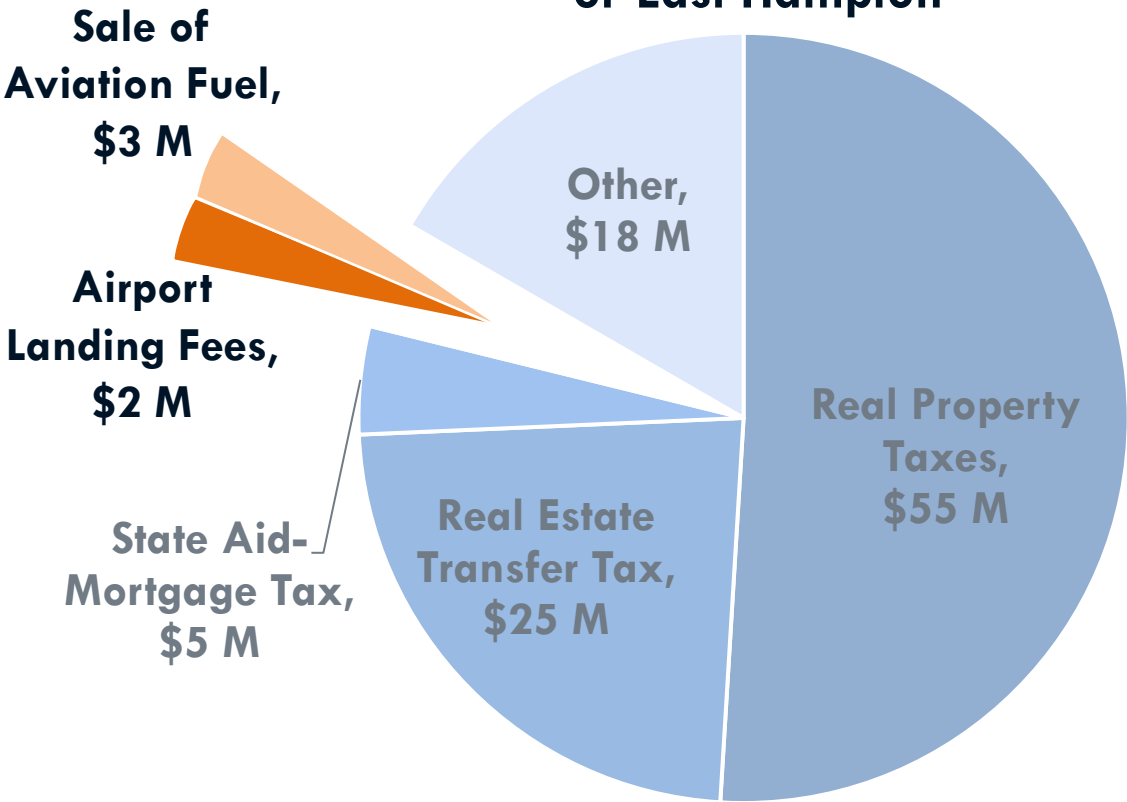
Source: HMMH 2019

The self-funded airport equates to about 5% of the Town's total expenditures and revenues.

2020 Budgeted Expenditure for the Town of East Hampton



2020 Operating Revenue for the Town of East Hampton



Source: Town of East Hampton Annual Budget (2020)

Tourism, visitor spending, and property taxes are the fundamental drivers of the East Hampton annual Town budget.



TOURISM EMPLOYMENT

25% of total Town employment in tourism-oriented industries*



SEASONAL VISITATION

55% of housing units are for seasonal use**



SPENDING

46% of total taxable sales in East Hampton were made by tourists and second homeowners*



PROPERTY TAXES

51% of the Town's operating revenue is derived from property taxes

*Derived from third-party study conducted in 2017

** Seasonal Use includes all housing units not occupied full-time regardless of use by owner or as rental property. Seasonal Use excludes hotel and motel inventory. The "East Hampton Hamlet Business District Plan" found that 54% of trips to East Hampton were by second home owners

Source: EMSI 2018; Definition of Tourism related industries from the Bureau of Economic Analysis, includes Scenic and Sightseeing Transportation, Performing Arts, Spectator Sports, and Related Industries, Museums, Historical Sites, and Similar Institutions, Amusement, Gambling, and Recreation Industries, Accommodation, Food Services and Drinking Places, Clothing and Clothing Accessories Stores, Miscellaneous Store Retailers, Gasoline Stations, and Air Transportation. RKG Associates, "East Hampton Hamlet Business District Plan - Analysis Findings" (2017), U.S. Census Bureau (2019)

This study assesses the economic impact of the East Hampton Airport through the lens of three operating scenarios.

SCENARIO DEFINITION

- 1 EXISTING CONDITIONS**
Assumes “typical,” pre-COVID (2019) operations
- 2 MODIFIED OPERATIONS**
Assumes the elimination of all commercial flights
- 3 PASSIVE USE**
Assumes all airport operations are closed and the site is repurposed as passive open space

METHODOLOGY

HR&A **evaluated the Existing Conditions and Modified Operations scenarios econometrically** through IMPLAN software

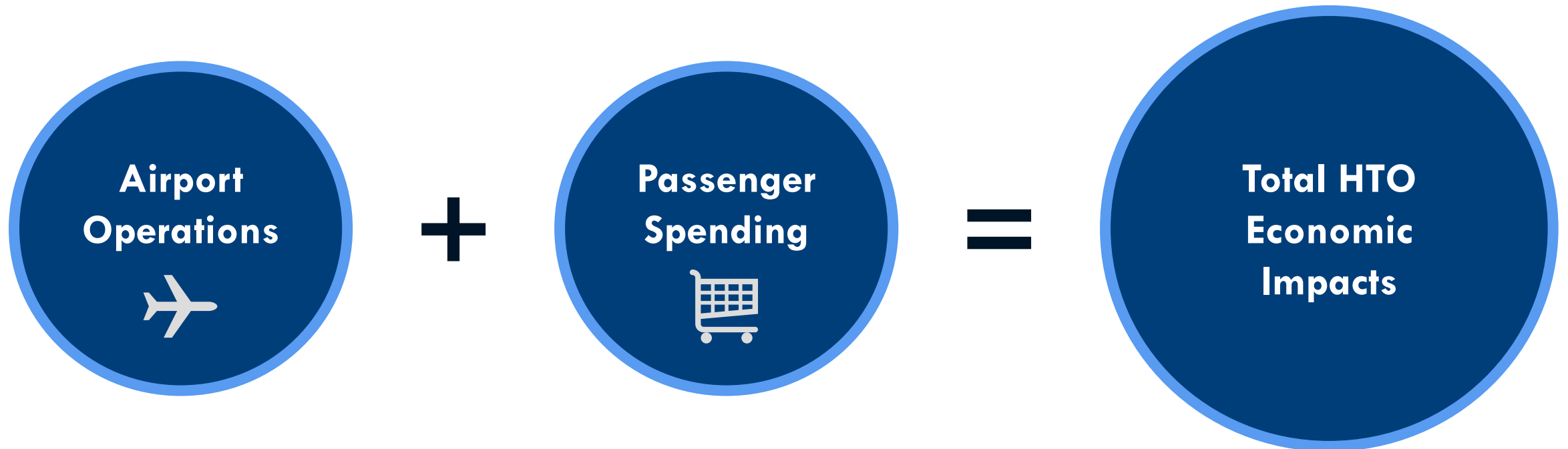
HR&A **considered the benefits of the Passive Use scenario through literature review and qualitative information** from precedent cases



EXISTING CONDITIONS

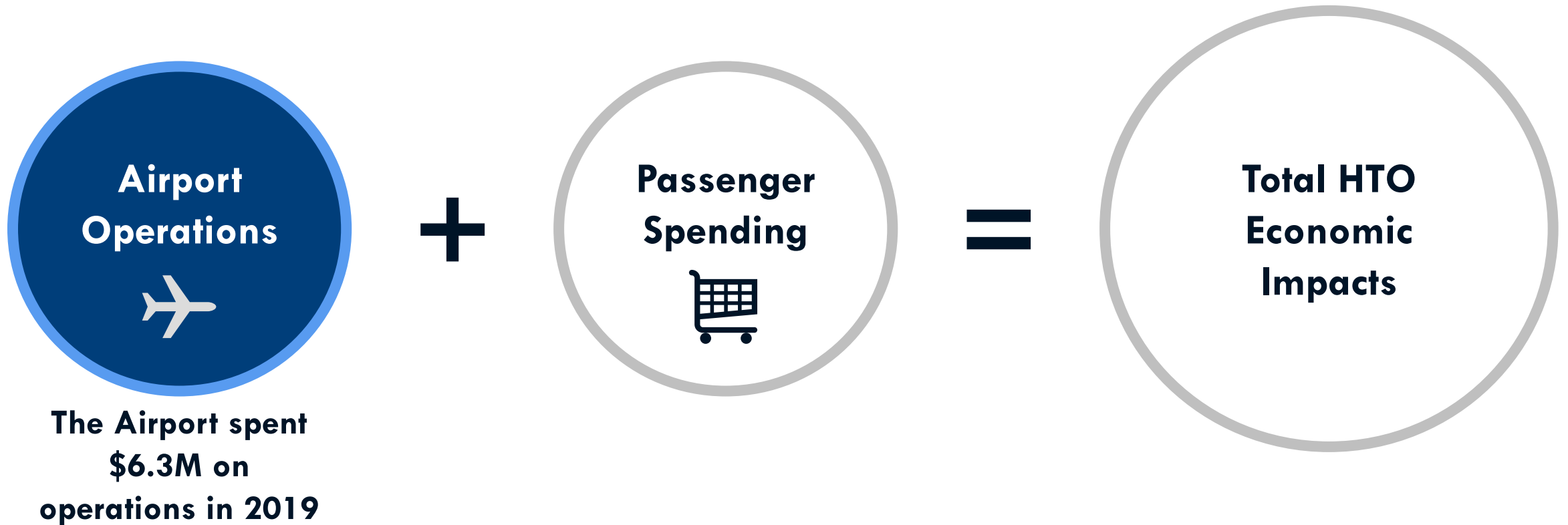
Assumes “typical,” pre-COVID (2019) operations

The total economic impact for HTO considered in the Existing Scenario and Modified Use Scenario is generated by a combination of airport operations and passenger spending.

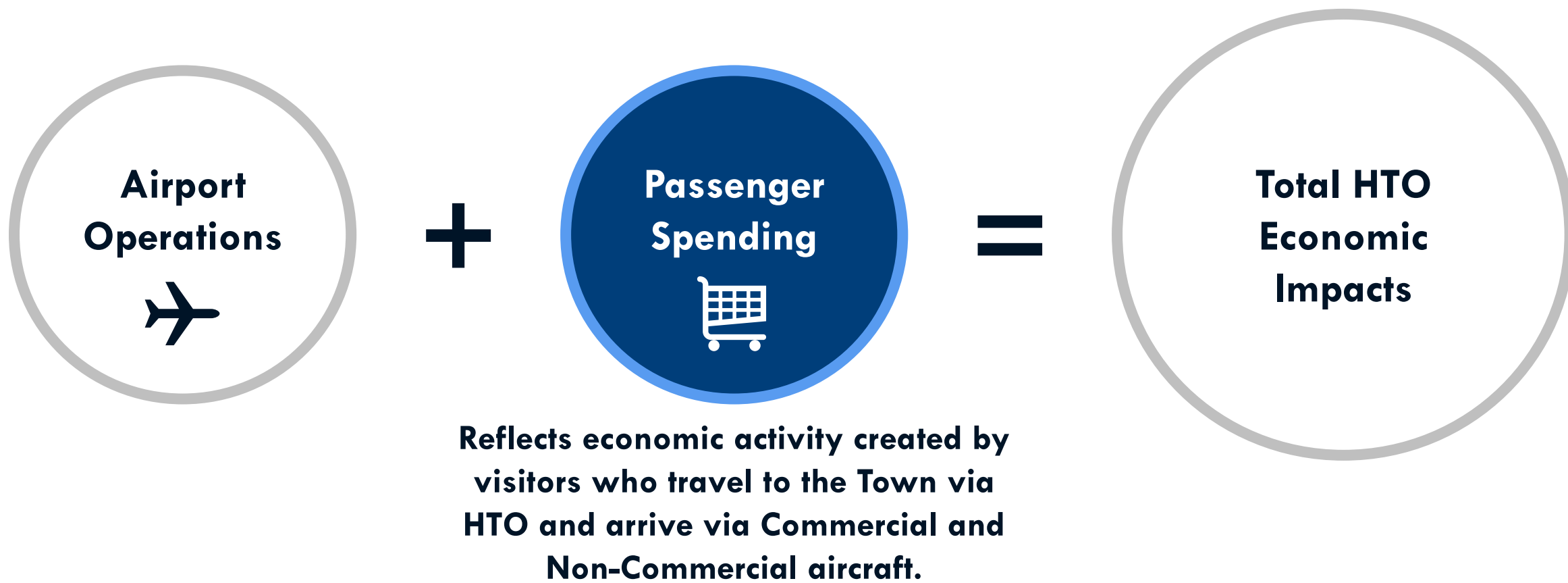


HR&A utilized the IMPLAN (Impact Analysis for PLANning) Input-Output Model, developed at the University of Minnesota with the U.S. Forest Service's Land Management Planning Unit. This widely-recognized modeling tool generates estimates of direct economic output as well as indirect employment and output based on a series of inputs. IMPLAN traces the pattern of commodity purchases and sales between industries that are associated with each dollar's worth of a product or service sold to a customer, analyzing interactions among 528 industrial sectors for each region, individual counties or groups of counties, and each state in the nation. IMPLAN is used for the preparation of economic impact analyses by many public and private entities throughout the U.S. The model used for this project utilizes data specific to the Town of East Hampton.

Airport Operations includes the costs incurred on the day-to-day functioning of the airport such as labor, professional services, and fuel.



We then consider inputs for airport passenger spending – an important component of HTO’s overall economic benefits.



Of the 24,000 passengers who fly into HTO, not all travel to East Hampton. Based on an analysis of geolocated cell phone data, only 60% of HTO passengers proceed to the Town of East Hampton.

24K

Total Arriving
Passengers in 2019

(10K)

Southampton bound
passengers*

14K

Total East Hampton-
bound arriving
passengers

Brookhaven

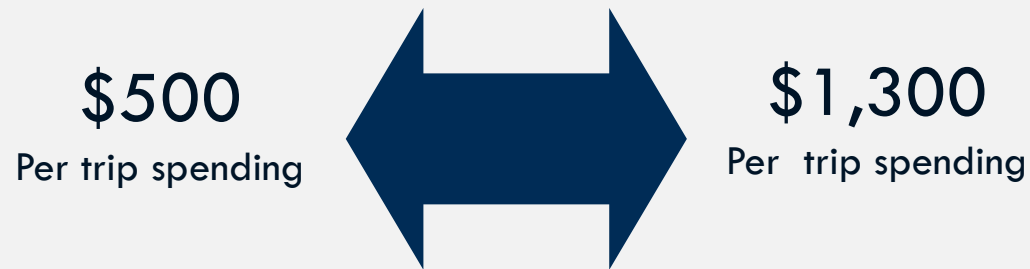
Source: INRIX (July-Feb 2020); Trips are derived from mobile location data and GPS enabled vehicles originating within a polygon containing the HTO Parking Lot. Figure conservatively rounded up from 58%.

* Includes passenger bound for Southampton and other points west.

HR&A Advisors, Inc.

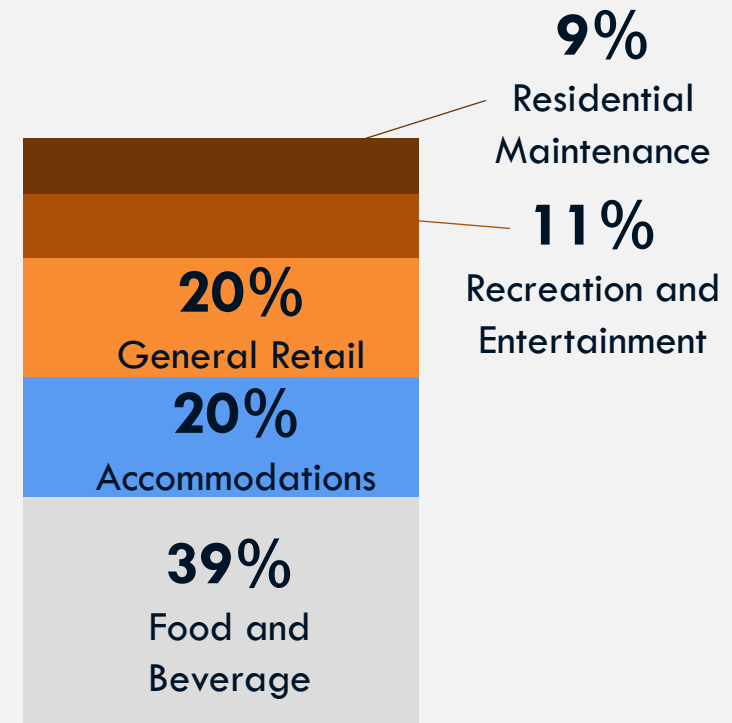
Airport passengers are likely to spend more per trip than other visitors (\$500 to \$1,300) distributed among a variety of local businesses.

Average Visitor Spending



HR&A will need to conduct passenger surveys in 2021 once COVID restrictions are lifted to obtain accurate spending information.

Distribution of Visitor Spending



Per-trip spending estimate of around 3-7x visitor spending by wealthy travelers applied to figure of 2019 Taxable Sales by East Hampton visitors; Source: MMGY Research, "Portrait of American Travelers" (2020) spending for luxury travelers; BLS Consumer Expenditure Survey (2018)

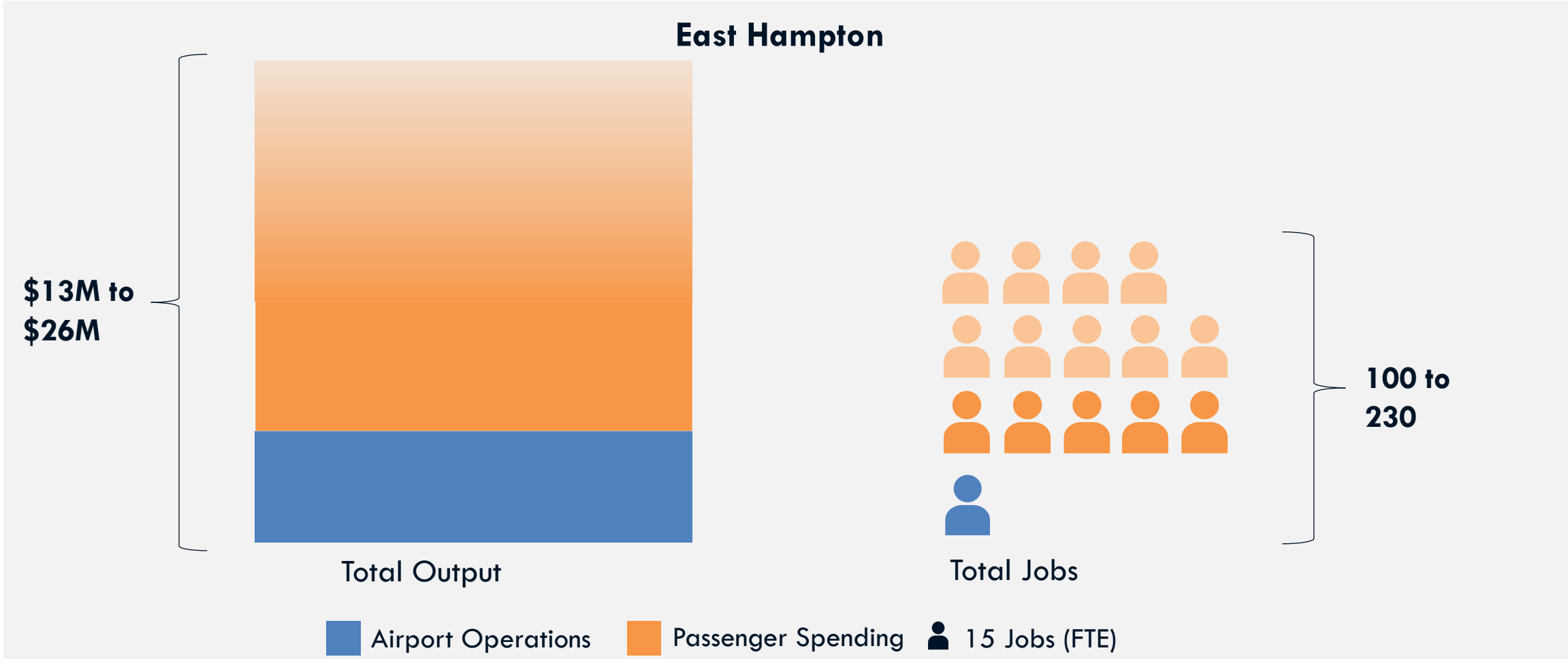
RKG Associates, "East Hampton Hamlet Business District Plan Analysis Findings" (2017)
HR&A Advisors, Inc.

When extrapolated to all airport visitors, HTO passengers' estimated spending represents only 1 to 3% of the Town's taxable sales.



Source: MMGY Research, "Portrait of American Travelers" (2020) spending for luxury travelers; BLS Consumer Expenditure Survey (2018)

We then combine the airport operations and passenger spending effects to determine the total current economic impacts of HTO on the Town of East Hampton.

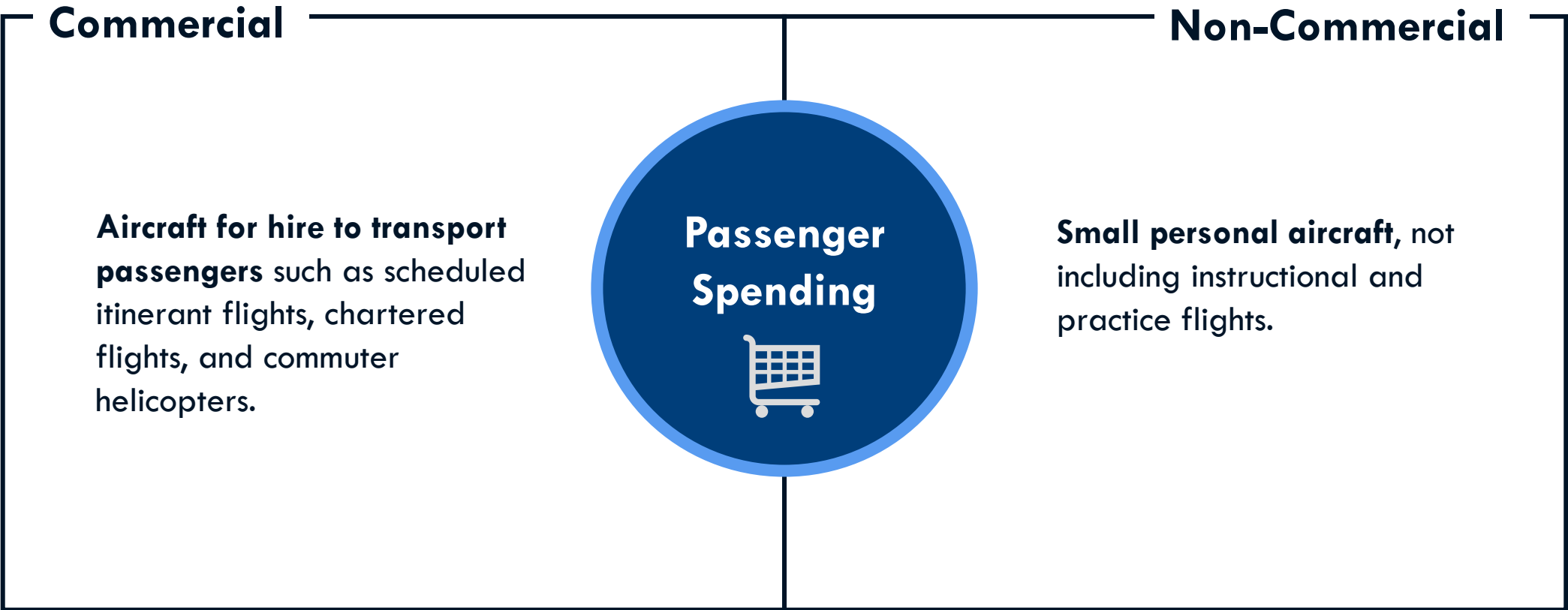




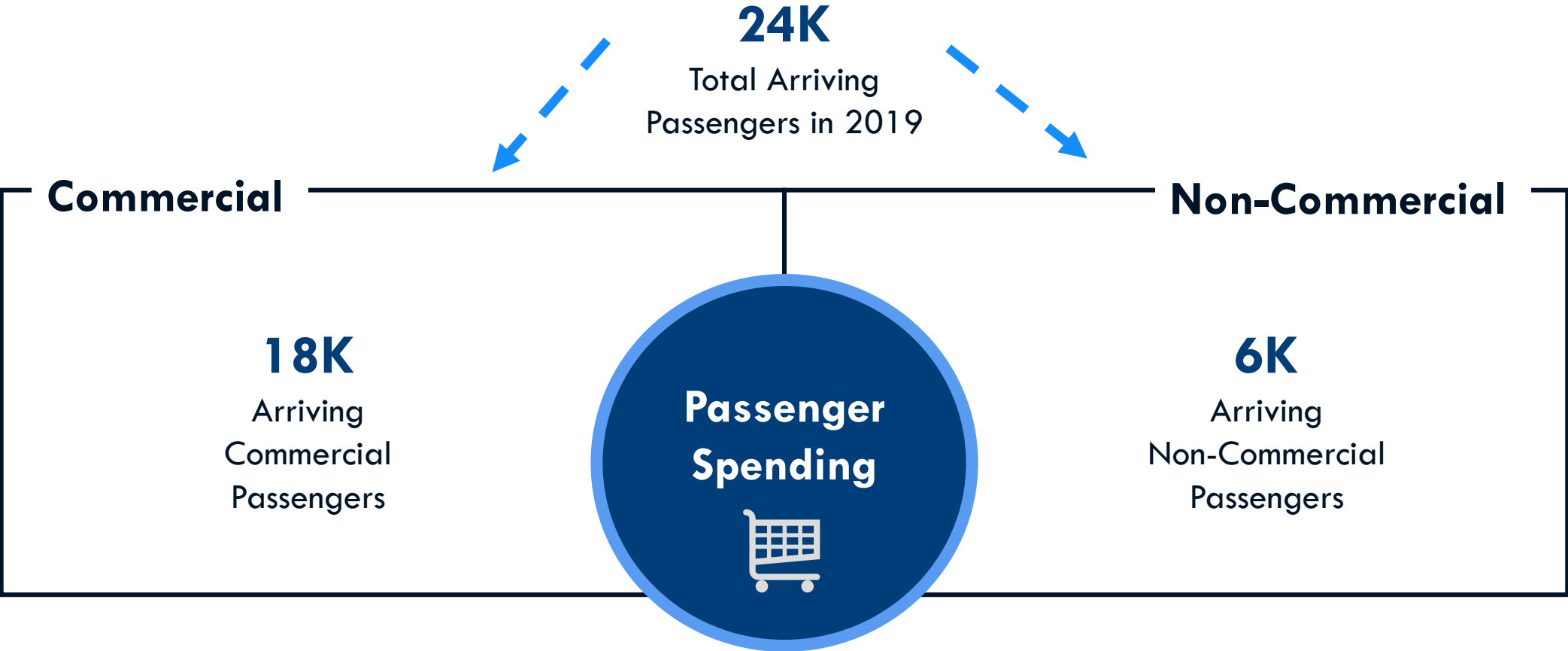
MODIFIED OPERATIONS

Assumes the elimination of all commercial flights

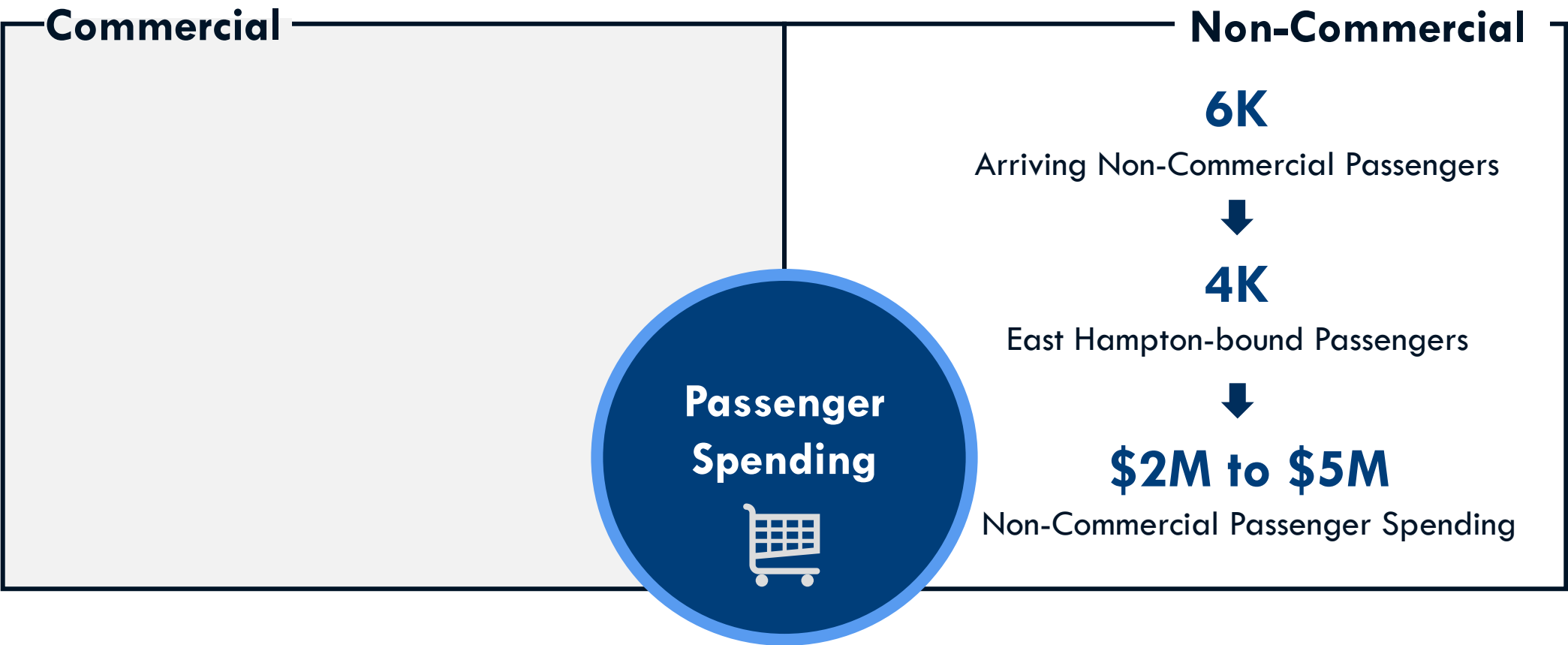
Passenger Spending consists of economic activity created by visitors who travel to the Town via HTO and arrive via Commercial and Non-Commercial aircraft.



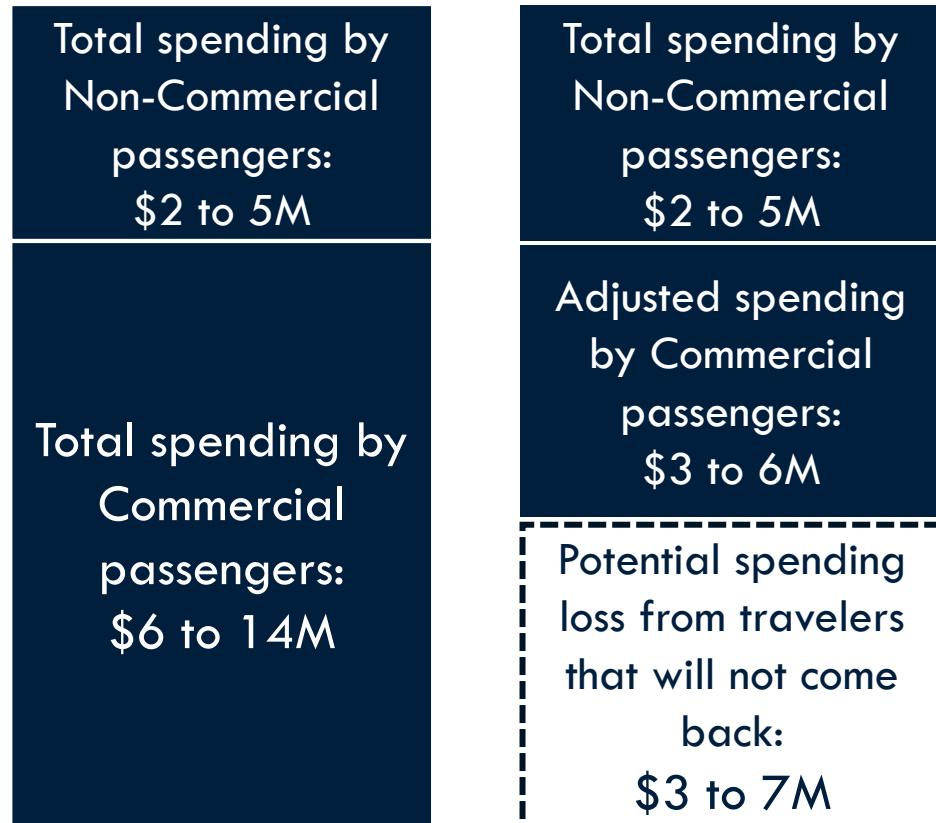
Most passengers (75%) fly into HTO via Commercial aircraft.



In the *Modified Scenario*, we consider the economic impact of HTO on the Town if the airport was reserved for Non-Commercial Aircraft only.



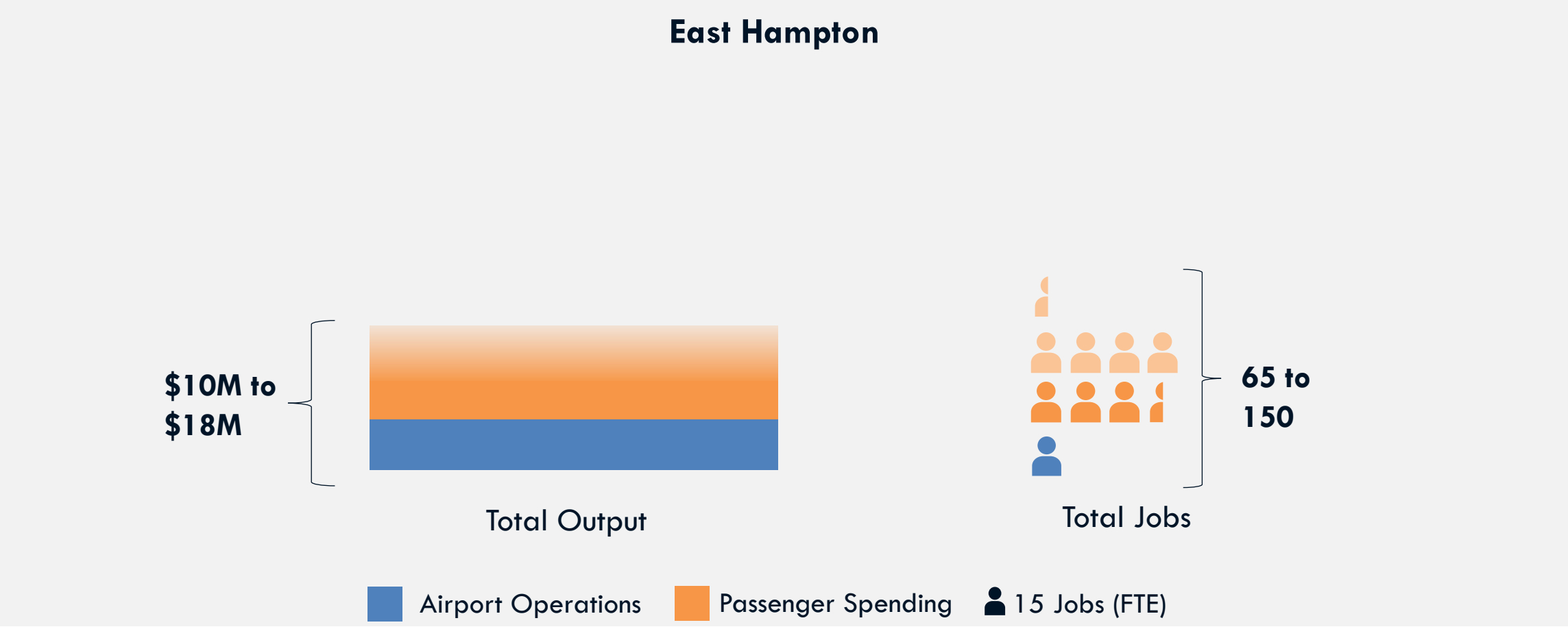
However, not all spending by Commercial aircraft passengers would disappear. Per the 2019 passenger survey, 48% of current HTO passengers would continue to visit their destinations via another mode of transportation (car, rail, etc.).



- **48%*** of current visitors using HTO would continue to visit East Hampton if they weren't able to arrive by aircraft.
- If none of the former visitors are replaced, visitor spending would be reduced by **\$3M to \$7M.**

*48% includes the weighted average of responses from regular passengers who visit more than twice during the peak summer months, and all others.

We then combine the airport operations and passenger spending effects to determine the economic impacts of modified operations of HTO on the Town of East Hampton.



3

PASSIVE USE

Assumes all airport operations are closed and HTO is repurposed as passive open space

We analyze the economic, community, and environmental impacts of the East Hampton Airport site, both as current airport operations and as passive reuse.



ECONOMY

*Property value, spending,
attraction and retention*



COMMUNITY

*Noise, quality of life, physical
health, and use as a social
destination*



ENVIRONMENT

*Water quality and stormwater
management, pollution
reduction, and wildlife habitat*

Different parks and open space resources can provide a range of benefits – from increasing real estate values to providing measurable environmental improvements.

This analysis does not quantify possible value capture, as valuation is tied to programmatic elements like park typology, design and use, and standard of care, among others.

Typology	Real Estate	Environment	Tourism	Local Spending
Metro / Regional Parks	✓	✓		
Community / Neighborhood Parks	✓	✓		
Unique Assets			✓	✓
Linear Parks / Trails	✓	✓		
Natural Areas	✓	✓		

Note: Table is illustrative to show overall benefit categories; actual park value varies for a number of factors external to typology, including geography, maintenance, and programming.



Studies illustrate that proximity to open space creates a real estate premium and increases property values regardless of park typology.



MAJOR PARKS

The completed investments in New York City's Central Park famously **doubled the property values** around the park within 15 years.¹

Condo resale prices along the Toronto Waterfront resulted in a **5% premium** over an eight-year period.²



TRAIL NETWORKS

Residential property values along Katy Trail in Dallas, Texas increased **25%** within seven years.²

Austin, Texas saw a **12% premium** in home value increase along the Barton Creek Greenbelt within two years of its investment.²



NATURAL AREAS

A study in Portland, Oregon found that homes located within 1,500 feet of a natural area park **raises the home's value by 1%.**³

Source: (1) Lutzenhiser & Neutsil, 2001; (2) HR&A Advisors; (3) Neighborhood Open Space Coalition, 1990



The airport creates environmental and quality of life impacts – from noise pollution to ground water contamination.



COMMUNITY DISRUPTION

Community members have filed thousands of noise complaints against the airport for disrupting the quiet, rural environment.



WATER CONTAMINATION

East Hampton's unique natural attributes make it particularly vulnerable to the effects of pollution from airport-related water contamination.



GROUND POLLUTION

Ground pollutants originating at East Hampton Airport have affected nearby residents by way of drinking water contamination.

Reducing airport operations or converting HTO to passive use will provide important economic, quality of life, and environmental benefits. Quantifying the potential increase in property values will require additional analysis.

Scenario	Total Output	Total Jobs	Property Value Benefits	Quality of Life Benefits	Environmental Benefits
Scenario 1: Existing Conditions	\$13M to \$26M	100 to 230	N/A	N/A	N/A
Scenario 2: Modified Operations	\$10M to \$18M	65 to 150	\$	✓	✓
Scenario 3: Passive Use	\$	\$	\$\$	✓✓	✓✓

Key Takeaways

- **Current airport operations and passenger spending generates \$13M to \$26M in economic output and 100 to 230 full time equivalent (FTE) jobs** for the Town. However, HTO passengers' spending represents only 1 to 2% of the Town's taxable sales.
- HTO's total employment impact of 100-230 jobs represents **1% to 2% of all East Hampton employment**, and 3% to 8% of all tourism employment. The net employment impact of the modified scenario **represents 0.5% to 1.3% of all East Hampton employment** and 2% to 5% of tourism employment.
- Complete closure of HTO will result in benefits that **improve Town residents' quality of life and reduce noise, ground, and water pollution**. Some of these benefits (access to open space, reduced noise) may have positive impacts on nearby property values.



EAST HAMPTON AIRPORT

Preliminary Economic Impact Analysis Summary of Results

May 11, 2021

HR&A
Analyze. Advise. Act.

